

CUSTOMER CARE AND MANAGEMENT, CREDIT CONTROL AND DEBT COLLECTION POLICY

For implementation as from 1 July 2017



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1. Definitions

For the purpose of this policy any word or expressions to which a meaning has been assigned in the Act shall bear the same meaning in this policy and unless the context indicates otherwise –

“Act” means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), as amended from time to time.

“arrears” means any amount due and payable to the municipality which has not been paid on or before the due date.

“Delegated official” means any official of the Council who has been authorised by it to administer, implement and enforce the provisions of this policy.

"billing" means proper and formal notification by means of a statement of account to persons liable for monies levied for assessment rates and other taxes and the charges or the fees for municipal services and indicating the net outstanding balance of the account.

“by-law” means a by-law adopted by the Council.

“Chief Financial Officer or CFO” means a person appointed by the Council to manage the Council's financial administration.

“council” means the municipal council of the Saldanha Bay Municipality.

"credit control and debt collection” means the functions relating to the collection of any monies due and payable to the Municipality.

“customer/ consumer” means any occupier of any premises to which the Municipality has agreed to supply or is actually supplying services, or if there is no occupier, the owner of the premises.

"customer care" means focusing on the client's needs in a responsible and proactive way to encourage payment and to create a positive and reciprocal relationship between persons liable for the payment of services and the Municipality, and when applicable, a service provider, thereby limiting the need for enforcement, as far as practicably possible.

“debt” means any monies owing to the municipality in respect of the rendering of municipal services, and includes monies owing in regard to property rates, housing, motor vehicle registration and licensing, terminated leases, and any other outstanding amounts, inclusive of any interest thereon, owing to the Municipality.

"defaulter" means a person owing the Municipality money in respect of taxes and/or services rendered after the final date of payment.

“due date” means the date specified on the tax invoice as the last date for payment.

“engineer” means the person in charge of the civil or electrical components of the Municipality.

“financial year” means a year starting on 1 July and ending on 30 June.

“household” means a family unit comprising of the head of the family, being a natural person, and may include blood related or adopted dependants who are jointly living on a stand or site on a permanent basis and who receive electricity and/or water from one meter, regardless whether the person rents or owns the property.

"interest" means the standard rate of interest, charged on arrear balances of 30 days or more from the date of invoice, calculated as the prime rate, as levied by the bank at which the primary account of the municipality is kept, plus one percent

"law" includes any by-law.

"municipal account" shall include levies or charges in respect of the following services and taxes:

- electricity consumption;
- water consumption;
- refuse removal;
- sewerage services;
- rates;
- interest and/or surcharge;
- housing rentals and instalments; and
- miscellaneous and sundry charges.

and "tax invoice" has a corresponding meaning.

"Municipal Manager" means the person appointed by the Municipal Council as the Accounting Officer of the Municipality in terms of Section 82 of the Local Government Structures Act, 1998 (Act 117 of 1998) and also includes any person:

- a) acting in such position; and
- b) to whom the Municipal Manager has delegated a power, function or duty.

"municipal services" those services, rates and taxes reflected on the municipal account for which payment is required by the Municipality.

"occupier" means any person who occupies any premises or part thereof, without any regard to the title under which he or she so occupies.

“owner” means -

- a) the person in whom the legal title to the premises is vested.
- b) in a case where the person in whom the legal title is vested is insolvent or dead, or is under any form of legal disability whatsoever, the person in whom the administration of and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative;
- c) in any case where the Council is unable to determine the identity of such person,
- d) a person who is entitled to the benefit of such premises or a building thereon;
- e) in the case of premises for which a lease of 30 years or more has been entered into, the lessee thereof; in relation to -
 - i) a piece of land delineated on a sectional plan registered in terms of the Sectional Titles Act 1986, (Act 95 of 1986), and without restricting the above provisions, the developer or the body corporate in respect of the common property; or
 - ii) a section as defined in such Act, the person in whose name such section is registered under a sectional title deed, including the lawfully appointed representative of such person.
- f) any legal person including but not limited to:
 - i) a company registered in terms of the Companies Act, 1973 (Act 61 of 1973), Trust *inter vivos*, Trust *mortis causa*, a closed corporation registered in terms of the Closed Corporations Act, 1984 (Act 69 of 1984), and a Voluntary Association.
 - ii) any government department
 - iii) any council or board established in terms of any legislation applicable to the Republic of South Africa.
 - iv) any Embassy or other foreign entity.

- g) owned by a council and which has been disposed of, but which has not been transferred to the person to whom it has been disposed of, from the date of the disposition concerned, such person; and
- h) owned by or under the control or management of a council while held under a lease or any express or tacit extension thereof or under any other contract or under a servitude or right analogous thereto, the person so holding the immovable property.

"premises" includes any piece of land, the external surface boundaries of which are delineated on -

- a) a general plan or diagram registered in terms of the Land Survey Act, 1927 (Act 9 of 1927) or in terms of the Deeds Registry Act, 1937 (Act 47 of 1937); or
- b) a sectional plan registered in terms of the Sectional Titles Act, 1986 (Act 95 of 1986), which is situated within the area of jurisdiction of the Municipality.

"property" means –

- a) Immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;
- b) A right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
- c) A land tenure right registered in the name of a person or granted to a person in terms of legislation; or
- d) Public service infrastructure.

"rate" or **"rates"** means a municipal rate and includes any additional rates on property as envisaged in section 229 of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996).

2. Objectives

The objectives of the policy are to:

- Provide a framework within the municipal council to exercise its executive and legislative authority with regard to credit control and debt collection;
- Ensure that all monies due and payable to the municipality are collected and used to deliver municipal services in the best interests of the community, residents and ratepayers and in a financially sustainable manner;
- Provide a framework for customer care;
- Set realistic targets for debt collection;
- Provide a framework to link the municipal budget to the tariff policy;
- Outline credit control and debt collection policy procedures and mechanisms;
- Describe credit control measures and sequence of events; and
- The promotion of clients trusts in Council to deliver services, the invoicing thereof, receipt of payments and the effective follow-up of arrear accounts.

3. Application of the policy

3.1 This policy shall only apply to money due and payable to the Council for:

- a) Rates;
- b) Fees, surcharges on fees, charges and tariffs in respect of municipal services, such as –
 - i. The provision of water;
 - ii. Refuse removal;
 - iii. Sewerage;
 - iv. The removal and purification of sewerage;
 - v. Electricity consumption;
 - vi. Interest which has accrued or will accrue in respect of money due and payable to the Council;
 - vii. Collection charges in those cases where the Council is responsible for –

- (aa) The rendering of municipal accounts in respect of any one or more of the municipal services;
- (bb) The recovery of amounts due and payable in respect thereof, irrespective whether the municipal services, or any of them, are provided by the Council itself or by a service utility with which it has concluded a service provider agreement to provide a service on the municipality's behalf;
- c) All sundry charges for ad hoc services rendered by the municipality;
- d) This policy shall also apply to municipal services provided through pre-paid meters.

4. Principles

- a) The administrative integrity of the municipality must be maintained at all costs. The democratically elected officials (councillors) are responsible for policy-making, while it is the responsibility of the municipal manager to execute these policies.
- b) Consumers must complete an official application form formally requesting the municipality to connect them to services lines.
- c) A copy of the application form, conditions of services and extracts of the relevant council's credit control and debt collection policy and by-laws must be handed to every consumer on request.
- d) Billing is to be accurate, timeous and understandable.
- e) Billing to be done in at least two of the three official languages.
- f) The consumer is entitled access to pay points and to a variety of reliable payment methods.
- g) The consumer is entitled to an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of a reasonable appeal.
- h) Enforcement of payment must be prompt, consistent and effective.
- i) Fraud/criminality will lead to loss of rights and heavy penalties and/or public prosecution.

- j) Incentives and disincentives may be used in collection procedures.
- k) The collection process must be cost-effective.
- l) Collection “Best Practices” will be pursued.
- m) Results will be regularly and efficiently reported and monitored.
- n) There must be legal cause between the municipality and its consumer and consumer debt must arise out of a legal framework and must be legally collectable.
- o) Indigent households will be identified and supported in accordance with the indigent policy.
- p) Targets for performance in both customer service and debt collection will be set and pursued and remedies must be implemented for non-performance.
- q) Equality, justice and sustainability.

5. Duties and functions

5.1 Duties and Functions of Council

- a) To approve a budget consistent with Council’s Integrated Development Plan.
- b) To impose rates and taxes and to determine service charges, fees and penalties to finance the budget.
- c) To provide for a bad debt provision, in line with the payment record of the community, ratepayers and residents, as reflected in the financial statements of the municipality.
- d) To set an improvement target for debt collection, in line with acceptable accounting ratios and the ability of the Municipal Manager.
- e) To approve a reporting framework for credit control and debt collection.
- f) To consider and approve by-laws to give effect to the Council’s policy.
- g) To monitor the performance of the Implementing Authority regarding credit control and debt collection.
- h) To revise the budget should Council’s targets for credit control and debt collection not be met.

- i) To take disciplinary action against councillors, officials and agents who do not execute council's policy and by-laws.
- j) To provide sufficient capacity in the Finance department for credit control and debt collection.
- k) To appoint debt collection agents to assist the Municipal Manager in the execution of his duties, if required.

5.2 Duties and functions of the Executive Mayor

- a) To ensure that Council's budget, cash flow and targets for debt collection are met and executed in terms of policy and relevant by-laws.
- b) To monitor the performance of the Municipal Manager in implementing the policy and by-laws.
- c) To review and evaluate the policy and by-laws in order to meet the Credit Control and Debt Collection targets.
- d) To report to Council.

5.3 Duties and Functions of the Municipal Manager

- a) To implement good customer care management.
- b) To implement council's credit control and debt collection policy.
- c) To install and maintain an appropriate accounting system.
- d) To bill customers.
- e) To demand payment on due dates.
- f) To raise interest for defaults.
- g) To appropriate payments received.
- h) To collect outstanding debt.
- i) To implement "Best Practices".
- j) To provide different payment methods.
- k) To determine credit control measures.
- l) To determine work procedures for public relations, arrangements, disconnections of services, summonses, attachments of assets, sales in execution, write-off of debts, sundry debtors and legal processes.

- m) To complete the legal process with or without legal aid (i.e. attachments and sale in execution of assets, emolument attachment orders etc.).
- n) To set performance targets for staff.
- o) To appoint staff in accordance with council's staff policy to execute council's policy and by-laws.
- p) To delegate certain functions to heads of departments.
- q) To determine control procedures.
- r) To deal with exceptional cases not included in the policy, with an acceptable arrangement for payment of the account.
- s) To report to the Executive Mayor.
- t) To approve a list of local attorneys in accordance with the Supply Chain Policy- and Regulations to represent Council in legal matters regarding debt collection.

5.4 Duties and Functions of communities, ratepayers and residents

- a) To fulfil certain responsibilities, as brought about by the privilege and/or right to use and enjoy public facilities and municipal services.
- b) To pay service fees, rates on property and other taxes, levies and duties imposed by the municipality.
- c) To respect the mechanisms and processes of the municipality in exercising their rights.
- d) To allow municipal officials reasonable access to their property to execute municipal functions.
- e) To comply with the by-laws and other legislation of the municipality.
- f) To refrain from tampering with municipal services and property.

5.5 Duties and Functions of ward councillors and political parties

- a) To hold regular ward meetings.
- b) To adhere to and convey council policy and by-laws to residents and ratepayers.
- c) To adhere to council's code of conduct for councillors.
- d) To support the administration of Council.

5.6 Councillor and municipal staff arrears

1. Staff arrears will be dealt with in accordance with Schedule 2 of the Systems Act, and terms of any procedures, methods or actions referred to in this policy. Notwithstanding any other procedure, method or action that may be taken in terms of this policy, the Municipal manager shall deduct any outstanding amount from such staff member's salary after this 3 (three) month period.
2. In accordance with schedule 1, item 12A of the Systems Act, a Councillor of the Municipality may not be more than 3 (three) months in arrears for municipal service fees, surcharges on fees, rates or any other municipal taxes, levies and duties levied by the Municipality. Notwithstanding any other procedure, method or action that may be taken in terms of this policy, the Municipal manager shall deduct any outstanding amount from such Councillor's remuneration after this 3 (three) month period.
3. All new appointees (councillors and staff members) indebted to the municipality must enter into an agreement with the municipality for the payment of arrear accounts via automatic salary deductions, informed by the affordability of the debtor.

6 Customer care and management policy

6.1 Communication and Feedback

- 6.1.1 The municipality will, within its financial and administrative capacity, conduct an annual process of compiling its budget according to prescribed legislation.
- 6.1.2 Council's Customer Care and Management, and Debt Collection Policy, will be available in English, and will be made available by general publication on specific request, and will also be available at Council's cash collection points and website.
- 6.1.3 Council will endeavour to distribute a regular newsletter, which will give prominence to customer care, credit control and debt collection issues.

- 6.1.4 Ward councillors will be required to hold regular ward meetings, at which customer care and credit control issues will be given prominence.
- 6.1.5 The press will be encouraged to give prominence to Council's Customer Care and Credit Control Debt Collection issues, and will be invited to Council meetings where these are discussed.
- 6.1.6 Council will aim to establish:
- a) A central complaints/feedback office to effectively deal with correspondence from the first acknowledgement of receipt until finalisation;
 - b) A centralised complaints database to enhance co-ordination of complaints, their speedy resolution and effective communication with customers;
 - c) Appropriate training for officials dealing with the public to enhance communications and service delivery; and
 - d) A communication mechanism to give council feedback on service, Credit Control and debt Collection and other issues of concern.

6.2 Service application and agreements

- 6.2.1 All owners will be required to sign an agreement governing the supply, of, and cost of municipal services. Notwithstanding this, Council reserves the right to sign contracts with tenants at its own discretion.
- 6.2.2 All existing contracts for service delivery with tenants will be maintained and all new service contracts will be with the owners of property unless special consent is given by the CFO. This should be read with paragraph 6.2.1.
- 6.2.3 When tenants are in default, the service contract with the tenants may be cancelled and the services transferred to the owner.
- 6.2.4 Prior to signing these agreements, owners and or tenants will be entitled to receive the policy document of the Council on request.
- 6.2.5 Within a specified period (in the agreement) of change of ownership, meters will be read and an account posted.
- 6.2.6 In the agreement, customers will acknowledge liability for costs of collection, and interest and penalties, in the event of delayed payment.
- 6.2.7 If an applicant has an outstanding amount that is due and payable to the municipality the arrears must be paid, or

an agreement for payment of arrears must be concluded with the municipality before an application for services can be approved.

6.2.8 No water connection will be made without approved building plans.

6.3 Termination of services

- A customer must terminate an agreement for the supply of municipal services by giving prior written notice to the municipality of such termination;
- It is the responsibility of the consumer to notify the municipality if services are no longer required due to the sale of property or any other reason;
- Failure to comply with the provision of the abovementioned paragraph renders the consumers liable for all service charged and interest thereon accumulated from the date when the premises are vacated to the date when council becomes aware of such vacation;
- A customer shall remain liable for all arrears and applicable charges that are payable for municipal services rendered prior to the termination of an agreement.
- A forwarding address and future details must be provided on the termination of services document. No postal address will be accepted as domicilium citandi et executandi.

6.4 Customer screening and securities

6.4.1 The applicant may be required to undergo a full credit check in an endeavour to trace all debt inclusive of municipal debt owed by the applicant. This will require the provision of, inter alia, acceptable means of identification and if applicable, binding lease agreement, title deed and other supporting documentation as required by the Municipality from time to time. The relevant application form as approved by the CFO from time to time forms an integral part of this policy insofar as the contents of such application form are not in conflict with any of the provisions of this policy.

- 6.4.2 Application for services for businesses, including trusts, companies, close corporations, partnerships, sole proprietors and government institutions should be approved subject to the provisions of sub-item (1) above. The application must include the submission of a resolution delegating authority to the applicant and furnishing, if applicable, the business entity's registration number or Trust reference number (T number) with the Master of the High Court. The names, addresses and all relevant contact particulars of all the business's directors or members or trustees or proprietors or partners must be submitted with the resolution. The relevant application form as approved by the Municipality from time to time forms an integral part of this policy insofar as the contents of such application form are not in conflict with any of the provisions of this policy. Where a company, close corporation, Trust in terms of the Trust Property Control Act, 57 of 1988, Home owners' association or a Body Corporate in terms of the Sectional Titles Act, 95 of 1986, is indebted to Council, the liability for such arrears may be extended to the directors, members of trustees thereof jointly and severally for which a surety must be signed by the applicant(s).
- 6.4.3 The municipality shall not conduct any business activity with or provide any services to any persons who are in arrears with municipal accounts except as provided for in this policy and as determined by the Municipality from time to time, nor will any refunds or credits be made to any debtor who is arrears with their municipal account.
- 6.4.4 Security deposits either in cash or any other security acceptable to the municipality will be taken, and may vary according to the risk. A minimum deposit of the equivalent of two months' average account will be taken.
- 6.4.5 Deposits may be increased by the municipality at any time to comply with 6.4.4 above.

6.4.6 In cases of defaulting, during the last two financial years, in terms of payment of municipal services, deposits may be increased by applying the following measures:

- 1st default: To increase the consumer deposit according to the approved Tariffs;
- 2nd default: double the consumer deposit according to the approved tariffs; and
- 3rd default: To force the consumer to convert to prepaid electricity at own cost.

6.4.7 The increase in deposits must be paid in 3 instalments.

6.4.8 The municipality will not pay any interest on deposits.

6.4.9 On the termination of the agreement the amount of the deposit less any outstanding amount due to the municipality will be refund to the consumer.

6.5 Accounts and Billing

6.5.1 Consumers will receive an understandable and accurate bill from the municipality.

6.5.2 Accounts will be produced in accordance with the meter reading cycle and due dates as determined by Council from time to time.

6.5.3 Accounts will be rendered monthly in cycles of approximately 30 days at the address last recorded with the municipality or its authorised agent.

6.5.4 It is the customer's responsibility to ensure that his/her postal address and personal details are correct and updated on the records of the municipality.

6.5.5 If a consumer does not receive an account by the 10th of the month, a copy must be requested at any municipal office.

- 6.5.6 In the event that the consumer does not receive an account due to unforeseen reasons, he/she is still obliged to pay the account that is due and payable. The onus shall be on the consumer to obtain a copy of the account before the due date.
- 6.5.7 Where an account is not settled in full, any lesser amount tendered and accepted shall not be deemed to be in final settlement of such an account.
- 6.5.8 The supply of the correct account reference for electronic payments is the responsibility of the consumer to avoid any penalties and administrative costs.
- 6.5.9 Council only recognises payments (electronic transfers and/or direct deposits) reflecting in the municipality's bank account on or before the due date for payment.
- 6.5.10 Where any payment made to the municipality or its authorised agent by negotiable instrument is later dishonoured by the bank, the municipality or its authorised agent:
- a) May recover the average bank charges incurred relating to dishonoured negotiable instruments against the account of the consumer;
 - b) Shall regard such an event as default on payment;
 - c) Disconnect services in the event of default;
 - d) Insist on cash or electronic fund transfer payments for all future payments.
- 6.5.11 The municipality or its authorised agent must, if administratively possible, issue a duplicate account to a consumer on request. A fee as per the approved tariffs will be applicable.
- 6.5.12 All separate debts owed to this municipality by a debtor shall be deemed to be consolidated.

6.5.13 Subject to section 118(1) of the Systems Act the Municipal manager has the right to offset any credit, or any amount due to a debtor, against any debit pertaining to that same debtor, or to transfer any debt to another account of that same debtor.

6.5.14 The Municipal Manager has the right to transfer any property debt owed by a tenant to the owner's account of any property, in terms of sections 102 and 118(3) of the Systems Act.

6.5.15 Payments received by the municipality shall be appropriated in the order determined by the CFO and must be revised annually during the budget process.

6.6 Metering

6.6.1 The municipality will endeavour, within practical and financial limits, to provide meters to every paying consumer for all measurable services.

6.6.2 All meters will be read monthly, if at all possible. If the meter is not read monthly, the council will average the consumption based on preceding periods.

6.6.3 Consumers are entitled to request verification of meter readings and accuracy within reason, but may be held liable for the cost thereof.

6.6.4 If a service is metered but it cannot be read due to financial and human resource constraints or circumstances out of the control of the municipality or its authorised agent, and the consumer is charged for an average consumption, the account following the reading of the metered consumption must articulate the difference between the actual consumption and the average consumption, and the resulting credit or debit adjustments.

6.6.5 In exceptional circumstances and to avoid unfairness, it is delegated to the CFO to adjust the consumption after the new reading, based on the average of the

previous 3 months levied. The exceptional circumstances are deemed relevant were the actual consumption is more than 100% of the average consumption during the period not read. For these consumers the municipality will write-off 50% of the difference.

- 6.6.6 It is the responsibility of the consumer to ensure that his/her meter is clear and readable at all times.

6.7 Right of access to premises

- 6.7.1 The owner and/or occupier of a premise give an authorised representative of the municipality access at all reasonable hours to the premises in order to read, inspect, install or repair any meter or service connection for reticulation, or to disconnect, stop or restrict, or reconnect, the provision of any service.
- 6.7.2 The owner accepts the cost of relocating a meter if satisfactory access is not possible.
- 6.7.3 If a person contravenes 6.7.1 the municipality or its authorised agent may:
- a) By written notice require such person to restore access at his/her own expense within a specified period;
 - b) If it is the opinion that the situation is a matter of urgency, without prior notice restore access and recover the cost from such person.

6.8 Payment facilities and -methods and stop orders and debit orders

- 6.8.1 The municipality will operate and maintain sustainable banking and cash facilities which facilities will be accessible to all users.
- 6.8.2 The municipality will, at its discretion allocate a payment between service debts – a debtor who has overdue debt may not specify that the payment is for a specific portion of the account.
- 6.8.3 The municipality may, with the consent of a consumer, approach an employer to secure a debit or stop order arrangement.

- 6.8.4 The consumer will acknowledge, in the consumer agreements that the use of consumer agents in the transmission of payments to the municipality is at the risk of the consumer – also for the transfer time of the payment.
- 6.8.5 When a debtor's cheque or electronic payment, made payable to Council is rejected by the Bank institution as result of insufficient funds, the debtor will be liable for an administrative fee as per the approved tariffs.
- 6.8.6 If a debtor's electronic payment is rejected due to insufficient funds, the municipality will notify the debtor accordingly. If the debtor's payment is rejected for the 2nd consecutive time, the municipality will notify the debtor again and the debtor will have to make use of alternative payment methods to pay the account.

6.9 Enquiries, appeals and services complaints

- 6.9.1 If a consumer is convinced that his or her account is inaccurate, he or she can lodge a dispute with the municipality for recalculation of this account.

The dispute must be submitted in writing or dictated to the official who will record it in writing and have it signed as correct.

The document must then immediately be lodged with the relevant delegated official.

No dispute will be registered verbally whether in person or over the telephone.

The debtor must furnish full personal particulars including all their account numbers held with the Municipality, direct contact telephone numbers, fax numbers, postal and e-mail addresses and any other relevant particulars required by the Municipality.

The full nature of the dispute must be described in the correspondence referred to above.

The onus will be on the debtor to ensure that he receives a written acknowledgement of the dispute.

The municipality will maintain a register of all disputes registered and resolved.

- 6.9.2 In the interim the debtor must pay an average based on previous consumption where history of the account is available. Where no such history is available the debtor is to pay an estimate provided by the municipality before the due date for payment until the matter is resolved.
- 6.9.3 The relevant department will investigate and inform the debtor when a reasonable outcome is available.
- 6.9.4 Failure to make such agreed interim payment or payments will make the consumer liable for disconnection.
- 6.9.5 A consumer may appeal against the finding of the municipality or its authorised agent in terms of 6.9.6
- 6.9.6 An appeal and request in terms of 6.9.5 must be made and lodged with the municipality within 21 (twenty-one) days after the consumer became aware of the finding referred to in 6.9.3 and must:
 - a) Set out the reasons for the appeal;
 - b) Be accompanied by any security determined for the testing of a measuring device, if applicable.

6.10 Business who tender to the Municipality

- 6.10.1 When inviting tenders for the provision of services or delivery of goods, potential contractors may submit tenders subject to a condition that consideration and evaluation thereof will necessitate that the tenderer obtain from the municipality a certificate stating that all relevant municipal accounts owing by the tenderer or its directors, owners or partners have been paid or that suitable arrangements (which include the right to set off in the event of non-compliance) have been made for payment of any arrears.

6.10.2 A municipal account to mean any municipal service charge, tax or other fees, fines and penalties, due in terms of a contract of approved tariff or rate, which is outstanding after the due date, normally appearing on the consolidated account, or overdue in terms of the contract or any other due date that has passed.

6.10.3 Tender conditions can contain a condition allowing the municipality to deduct moneys owing to the municipality from contract payments in terms of a reasonable arrangement with the consumer.

6.11 Incentives for prompt payment

6.11.1 The municipality may, to encourage payment, and to reward good payers consider, from time to time, incentives for the payment of accounts.

6.11.2 Such incentive schemes, if introduced, will be reflected in annual budgets as additional expenditure.

6.12 Customer assistance programs

6.12.1 Water leakages

6.12.1.1 If the leakage is on the side of the consumer the consumer is responsible for the payment of the full account.

6.12.1.2 The consumer has the responsibility to control and monitor his/her consumption.

6.12.1.3 The consumer is responsible for private reparation of water pipes behind the meter.

6.12.1.4 An abnormal water leakage will be dealt with as follows:

- i) A customer will qualify for a water leakage discount upon application with proof of the following: -

- a) The leak was under the surface and/or not easily detectable on the surface;
- b) The leak was repaired within 72 hours since its detection;
- c) The customer may apply only once in a cycle of 24 months for a discount; and
- d) Suitable proof of repair has been submitted containing the following information: -
 - Date of repair; and
 - Confirmation that the leak was under the surface and/or not easily detectable on the surface.
- ii) Discount for household usage will be calculated over the period the leak was present and will be equal to the consumption above the average normal consumption of the customer at the 0-6 kl tariff.
- iii) It is the responsibility of the customer to control and monitor his/her consumption.

6.12.2 Rates rebates

Rebates on rates are dealt within Section D of the Property rates policy.

6.12.3 Arrangements for settlements

- 6.12.3.1 If a consumer cannot pay his/her account with the municipality then a mutual acceptable extended term, not exceeding 24 months, of payment with the customer may be entered into. He/she must:
- i) Sign an acknowledgement of debt;
 - ii) Supply proof of income;
 - iii) Supply proof if a debt repayment arrangement was made, e.g. Signed debit order from a bank account or signed debit order at his/her employer;
 - iv) Acknowledge that interest will be charged at the prescribed rate;
 - v) Pay the current portion of the account in cash; and

- vi) If the arrangements that are being negotiated are later defaulted on, electricity supply will be fully blocked until outstanding debt are settled in full or arrear instalments are paid in full.
- vii) Customers with arrears may be requested to convert to a prepaid electricity meter and a flow limit water meter. The cost will be recovered by: -
 - a) Payment of the cost in full, or
 - b) Adding the cost of the conversion to the account according to the payment arrangement; and
 - c) Restricting purchases of electricity on the “Auxiliary” system whereby purchases will be allowed on a minimum ratio of 3:7, i.e. for every R10.00 purchase the amount of R3.00 electricity and R7.00 will be credited to the account.
- viii) Sign consent to an emoluments attachment order in terms of Section 65J of the Magistrate’s Courts Act 1944 (Act 32 of 1944) together with acknowledgement of debt if consumer is permanently employed. If payment arrangements are in default all monies can be deducted from consumer’s salary.
- ix) If a consumer requests a payment arrangement to be reduced, proof of the change in financial situation must be provided.
- x) A debt rescheduling arrangement requires the payment of the current monthly charges plus a mutually agreed amount towards the arrears each month.
- xi) If a debt arrangement is not honoured, the debt collection process or legal action will resume from where it was suspended and not restart at the beginning of the debt management process.

6.12.3.2 Council reserves the right to raise the deposit/security requirement in accordance with paragraph 6.4.5 of debtors who seek arrangements for payment of municipal accounts.

6.12.3.3 All debtors entering into settlement arrangements shall provide their banking details and those who have a facility to sign a debit order with their financial institutions, shall be required to do so.

6.12.3.4 Debtors who default on three occasions in respect of arrangements, may be denied the privilege of making further arrangements, and the full amount will be payable.

6.12.3.5 Consumers will only be allowed to get extension for payment of current accounts once in a financial year.

6.12.4 Property rates arrangements

Property rates are payable in accordance with the stipulations included in the Property Rates Policy of the municipality.

6.13 Occupant(s) responsibility in case of death of owner

6.13.1 It is the responsibility of the occupant(s) of a property to immediately submit a death certificate to the municipality in case of death of the registered owner of such a property.

6.13.2 Balances in arrear prior to the date of death should be registered as a claim against the estate of the deceased. The account name will be changed to Estate (Late).

6.13.3 If no estate exists, balances in arrears prior to the date of death should be dealt with as follows:

- i. an account to be opened in the name of the occupant;
- ii. debt that accumulated after the death of the owner, be transferred to the new account of the occupant and dealt with in accordance with Council's Debt collection- and credit control policy;
- iii. that, where property is registered in more than one owners name, the account not be regarded as those of a deceased until death certificates of both registered owners are in Council's possession;

- iv. that debt of deceased is written off in accordance with Council's debt collection- and credit control policy and submitted to Council for notification.
- 6.13.4 A new application for services must be completed.
- 6.13.5 The occupant must pay all outstanding debt regarding services and rates from the date stated on the death certificate.
- 6.13.6 If, however, the new owner (beneficiary / heir) is not in the position to pay the outstanding debt, the person can be assisted by the credit control policy to clear the account, to enable the new owner (beneficiary / heir) to register the property in his/her name.

6.14 Irrecoverable debt

Criteria for irrecoverable debt

Debt will only be considered as irrecoverable if it complies with the following criteria:

- a) all reasonable notifications and cost effective legal avenues up to the process of judgments have been exhausted up to a specific amount; or
- b) any amount equal to or less than R1000, or as determined by Council from time to time, will be considered too small, after having followed basic checks, to warrant further endeavours to collect it; or
- c) the cost to recover the debt does not warrant further action; or
- d) the amount outstanding is the residue after payment of a dividend in the rand from an insolvent estate; or there is a danger of a contribution; or no dividend will accrue to creditors; or
- e) a deceased estate has no liquid assets to cover the outstanding amount following the final distribution of the estate; or where the estate has not been reported to the Master and there are no assets of value to attach; or
- f) it has been proven that the debt has prescribed; or
- g) the debtor is untraceable or cannot be identified so as to proceed with further action; or
- h) the debtor has emigrated leaving no assets of value to cost effectively recover Councils claim; or

- i) it is not possible to prove the debt outstanding; or a court has ruled that the claim is not recoverable; or
- j) the outstanding amount is due to an irreconcilable administrative error by the Municipality; or
- k) No debt of councillors, personnel, state departments and businesses will be written off.

6.15 Recovering of debt written off

When debt has been written off as irrecoverable it will not be recovered again when a clearance certificate on a property is issued.

7 Debt Collection Policy

7.1 Enforcement Mechanisms

7.1.1 Interruption of service

Consumers who are in arrears with their municipal account and who have not made arrangements with the municipality will have their supply of electricity and water, and other municipal services, suspended or disconnected.

7.1.2 A flow control mechanism may be installed directly before or behind the existing meter to allow 10 kl water per month to the concerned property.

7.1.3 Consumers who illegally tamper with flow control mechanisms will be disconnected immediately until full payment of outstanding debt or an acceptable arrangement is made for payment of outstanding debt and fee for tampering with meter is paid.

7.1.4 The right to deny or restrict the sale of electricity or water to consumers, who are in arrears with their rates or other municipal charges, is reserved.

7.1.5 Upon the liquidation of arrears, or the conclusion of arrangements for term payment, services will be reconnected as soon as possible.

7.1.6 The cost of the restriction or disconnection, and the reconnection, will be determined by tariffs agreed by Council, and will be payable by the consumer.

7.1.7

7.1.8 Consumers with conventional electricity that has been disconnected three times for non- payment will be compelled to install a prepaid meter at own cost before the supply is reconnected.

7.2 Interest on overdue accounts

7.1.1 The municipality may charge or recover interest on arrear balances of 30 days or more from the date of invoice.

7.1.2 The CFO will have the authority to write back interest after due consideration of the merits of each case brought before him.

7.3 Personal/Telephonic/Agent contact

7.3.1 The municipal officials in the Revenue department will endeavour, within the constraints of affordability, to make personal or telephonic contact with all arrear debtors to encourage their payment, and to inform them of their arrears state, and their rights (if any) to conclude arrangements or to apply for indigent subsidies, and other related matters, and will provide information on how and where to access such arrangements or subsidies.

7.3.2 The municipality shall maintain a schedule of debtors with large amounts outstanding (the cut-off amount will be agreed by the Municipal Manager) and will maintain intensive contact with these debtors as in 7.1.3.

7.3.3 Such contact is not a right for debtors – disconnection of services and other collection proceedings will continue in the absence of such contact for whatever reason.

7.4 Collection Process

7.4.1 Pre-legal Process

- A sms or email may be send to a debtor if his/her cell phone number or email address is available once his/her account is not paid before or on the due date;
- When there is no response from the consumer regarding the sms or email send, a further notice will be served relating to the specific service to be restricted.

7.4.2 Conventional Electricity

- An electricity disconnection letter, indicating that the debtor has three (3) working days to make arrangements, pay the full outstanding amount or provide the Municipality with the necessary proof of payment may be issued;
- Notices can also be issued via hand or electronically;
- If no response, supply to the premise will be disconnected;
- The service will only be reconnected once the full payment is made or proof of payment is provided;
- The security deposit will be increased as mentioned in paragraph 6.4;
- A reconnection fee will be charged to the account.

7.4.3 Prepaid Electricity

- A prepaid electricity disconnection letter may be issued indicating that the debtor has three (3) working days to make arrangements, pay the full outstanding amount or provide the Municipality with the necessary proof of payment;
- Notices can also be issued via hand or electronically;
- If no response, supply to the premise will be restricted;
- The service will only be restored once the full payment is received or proof of payment is provided or an acceptable payment arrangement is made;
- An administration fee may be charged to the consumer's account.

7.4.4 Water

- A water restriction letter, may be issued indicating that the debtor has three (3) working days to make arrangements, pay the full outstanding amount or provide the Municipality with the necessary proof of payment;
- Notices can also be issued via hand or electronically;
- If no response, supply to the premise will be restricted;
- The service will only be restored once the full payment is made or proof of payment is provided or an acceptable payment arrangement is made;

- A reconnection fee will be charged to the account.

7.4.5 Legal Process

The legal process will be conducted in term of the approved internal Standard Operating Procedure.

7.4.6 Attachment of rental

The Municipality may attach the rental or any other payments due to debtors who are in arrears with their Municipal accounts:

- a) if any debt levied in respect of a property is unpaid by the owner of the property the Municipal Manager may recover the amount in whole or in part from a tenant or occupier of the property, despite any contractual obligation to the contrary on the tenant or occupier.
- b) The Municipal Manager may recover an amount only after a written notice has been served on the tenant or occupier; and the amount the Municipal Manager may recover from the tenant or occupier of a property in terms of sub-item (a) is limited to the amount of the rent or other money due and payable, but not yet paid, by the tenant or occupier to the owner of the property; and
- c) any amount the Municipal Manager recovers from the tenant or occupier of the property must be set off by the tenant or occupier against any money owed by the tenant or occupier to the owner; and the tenant or occupier of a property must, on request by the Municipal Manager, furnish the Municipal Manager with a written statement specifying all payments to be made by the tenant or occupier to the owner of the property for rent or other money payable on the property during a period determined by the Municipal Manager.
- d) the Municipal Manager may recover the amount due for debt on a property in whole or in part from the agent of the owner, if this is more convenient for the Municipal Manager; and
- e) the Municipal Manager may recover the amount due for debt from the agent of the owner only after a written notice has been served on the agent; and

- f) the amount the Municipal Manager may recover from the agent is limited to the amount of any rent or other money received by the agent on behalf of the owner, less any commission due to the agent; and
- g) the agent must, on request by the Municipal Manager, furnish the Municipal Manager with a written statement specifying all payments for rent on the property and any other money received by the agent on behalf of the owner during a period determined by the Municipal Manager.
- h) The Municipal Manager will exercise strict control over this process, to ensure accuracy and legality within it, and will require regular reports on progress from, staff charged with the responsibility or outside parties, be they attorneys or any other collection agents appointed by council.
- i) The Municipal Manager will establish procedures and codes of conduct with these outside parties.

7.4.7 Garnishee orders, in the case of employed consumers, are preferred to sales in execution, but both are part of the Municipality's system of debt collection procedures.

7.4.8 All steps in the credit control procedure will be recorded for Municipal records and for the information of the debtor.

7.4.9 All legally valid costs of this process are for the account of the debtor.

7.4.10 Individual debtor accounts are protected and are not the subject of public information. However, the Municipality may release debtor information to credit bureaus. This release will be in writing and this situation will be included in the Municipality's agreement with its customers.

7.4.11 The Municipal Manager may consider the cost effectiveness of this process, and will receive reports on all relevant matters, and report to the Finance Portfolio Committee.

7.4.12 On a recommendation by the Municipal Manager, Council may consider the use of agents, and innovative debt collection methods and products. Cost effectiveness, the willingness of agents to work under appropriate codes of conduct and the success of such agents and products will be part of the agreement Council might conclude with such agents or product vendors.

7.4.13 Consumers may be informed of the power and duties of such agents and their responsibilities including their responsibility to observe agreed codes of conduct.

7.4.14 Any agreement concluded with an agent or product vendor shall include a clause whereby breaches of the code of conduct by the agent or vendor will see the contract terminated.

7.4.15 Theft and Fraud

Any person (natural or juristic), found to be illegally connected or reconnected to municipal services, tampering with meters, reticulation network or any other supply equipment or committing any unauthorised service associated with the supply of municipal services, as well as theft and damage to Council property, will be prosecuted and/or liable for penalties as determined from time to time.

Council will immediately terminate the supply of services to a customer should such conduct as outlined above be detected.

The total bill owing, including interest, assessment of unauthorised consumption and disconnection and reconnection fees, and increased deposits as determined by Council if applicable, becomes due and payable before any reconnection can be sanctioned. An acceptable repayment

arrangement can also be negotiated to the discretion of the Accountant: Collections.

Council will maintain monitoring systems and teams to detect and survey consumers who are undertaking such illegal actions.

Council may distinguish in its penalties between cases of vandalism and cases of theft.

Subsequent acts of tampering will lead to penalties and deposits increasing in quantum.

Council reserves the right to lay charges and to take any other legal action against both vandals and thieves.

Any person failing to provide information or providing false information to the municipality may face immediate disconnection.

7.4.16 Cost of Collection

All costs of legal process, including interest, service discontinuation costs and legal costs associated with this policy are for the account of the consumer.

7.4.17 Abandonment

The Municipal Manager must ensure that all avenues are utilised to collect the Municipality's outstanding debtors.

There are some circumstances that allow for the valid termination of debt collection procedures:

- i) The insolvency of the debtor, whose estate has insufficient funds.
- ii) A balance being too small to recover (less than R1000), for economic reasons considering the cost of recovery.

7.5 Rates Clearance

On the sale of any property in the municipal jurisdiction, Council will withhold the transfer until all rates and service charges related to the property are paid by withholding a rates clearance certificate in accordance with Section 118 and with further consideration of Section 102 of the Local Government Municipal Systems Act, No 32 of 2000. This must also be read with paragraph 6.15.

8. Performance Evaluation

8.1 Income Collection Targets

Council to create targets that include reduction in present monthly increase in debtors in line with performance agreements determined by Council.

8.2 Customer Service Targets

Council to create targets that would include:

- i. Response time to customer queries.
- ii. Date of first account delivery to new customers.
- iii. Reconnection time lapse.
- iv. Meter reading cycle.
- v. Date on which monthly accounts are delivered to debtors

8.3 Administrative Performance

Council to create targets that will include:

- i. Cost efficiency of debt collection.
- ii. Enforcement mechanism ratios.

Council will create a mechanism wherein these targets are assessed, Councils performance is evaluated and remedial steps taken.

9. Reporting to Council

9.1 The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to the Executive Mayor.

This report shall report on:

- i) Cash collection statistics, showing high-level debt recovery information (numbers of customers, enquiries; default arrangements; growth or reduction of arrear debtors; ideally divided into wards/areas, business (commerce and industry) domestics, state, institutional and other such divisions.
- ii) Performance of all areas against targets agreed to in paragraph 8 of this policy document.

9.2 The Executive Mayor must report on a quarterly basis to Council, as envisaged by Section 99(c) of the Municipal Systems Act.

9.3 If in the opinion of the Chief Financial Officer, Council will not achieve cash receipt income equivalent of the income projected in the annual budget as approved by Council, the Chief Financial Officer will report this with motivation to the Municipal Manager who will, if he agrees with the Chief Financial Officer, immediately move for a revision of the budget according to realistically realisable income levels.

10. Department of Finance: Structures

Council shall regularly receive a report from the Chief Financial Officer, if necessary after consultation with suitable consultants, on the manpower and systems requirements of Finance which requirements take into account Council's agreed targets of customer care and management, and debt collection, and, after considering this report, Council will within reason vote such resources as are necessary to ensure that Finance has the staffing and structures to meet Council's targets in this regard or to outsource the service.